



**STAFF REPORT
ACTION REQUIRED**

54 Commissioners Street - Tax Sale Extension Agreement

Date:	March 21, 2007
To:	Government Management Committee
From:	Treasurer
Wards:	Ward 30
Reference Number:	P:\2007\Internal Services\Rev\gm07009Rev (AFS#4532)

SUMMARY

To request authority to enter into an extension agreement pursuant to the tax sale provisions of the *City of Toronto Act, 2006*, and to introduce the necessary Bill to authorize execution of the extension agreement.

RECOMMENDATIONS

The Treasurer recommends that:

1. authority be granted to enter into an extension agreement with 1160623 Ontario Inc., the owner of the land municipally described as 54 Commissioners Street and legally described by PIN 21385 - 0067(LT) Part Block A, Plan 520E, designated as Part 1 on 66R2156 in the Land Titles Division of the Toronto Registry Office (No. 66) (the "Property"), to extend the redemption date for payment of tax arrears owing on the Property from May 29, 2007 to October 1, 2007;
2. authority be granted for the introduction of the necessary Bill to authorize the execution of the extension agreement; and,
3. the appropriate City officials be authorized and directed to take the necessary steps to give effect to the foregoing.

Financial Impact

There are no financial implications arising from the adoption of the recommendations contained in this report.

DECISION HISTORY

Where a property has unpaid property taxes owing for three (3) or more years, the municipality may recover such arrears by selling the property in accordance with the tax sale provisions in the *City of Toronto Act, 2006*. It is the Revenue Services Division's policy that tax sale proceedings are commenced after all collection efforts have been exhausted. If staff are unable to achieve payment or a firm, suitable repayment plan to address the arrears of taxes, a Tax Arrears Certificate is registered against title to the property. The debtor has one year, from the date of the registration of a Tax Arrears Certificate on title to the property, to pay the cancellation price (which includes all of the taxes levied, all accrued penalties/interest and costs). Failing payment within that year, or the entering into an extension agreement, the Treasurer is required to proceed to a sale of the property through a public auction or public tender.

ISSUE BACKGROUND

The property is assessed as a "commercial" property with a 2006 assessed value of \$1,083,000. The property has outstanding taxes dating back to taxation year 1995. As at March 31, 2007, the total outstanding taxes, including penalty/interest and registration costs is \$947,735.48. The current assessed owner of the property is 1160623 Ontario Inc.

COMMENTS

Pursuant to the municipal tax sale provisions of the *Municipal Act, 2001* and related regulations, a Tax Arrears Certificate was registered against title to the property on May 30, 2006. At the time of the registration, outstanding taxes including all penalty/interest to December 31st, 2005 amounted to \$840,510.04.

The property owner, or any interested party, has until May 29, 2007 to pay the cancellation price (which includes all of the taxes levied, all accrued penalties/interest and costs). Failing payment within that year, or the entering into of an extension agreement, the Treasurer is required to proceed to a sale of the property through a public auction or public tender. The "cancellation" price at the expiry of the one year redemption period, being May 30, 2007, will be approximately \$1,042,000.

The Revenue Services Division has received a request from the property owner to extend the redemption period for a period of one year on the basis that the property has been listed for sale and that additional time is required to negotiate and potentially complete a sale transaction. The property owner has requested a 12 month extension to May, 2008. As the property owner is currently in the process of negotiating a sale, staff consider it sufficient and appropriate to extend for a period of 6 months to October 1, 2007.

Pursuant to the provisions of the *City of Toronto Act, 2006*, the municipality may enter into an extension agreement with a property owner, subject to such terms and conditions relating to payment as are set out in the agreement provided that the amount of the cancellation price is not reduced and that the conditions do not prohibit any person from paying the cancellation price at any time. If the terms of the extension agreement are not fulfilled by the owner, then the lands are to be sold by the municipality.

The extension agreement proposed will provide for repayment of the tax arrears, in full, on or before October 1, 2007. At that time the amount of tax arrears owing will be approximately \$1.12 million due to the fact that the full 2007 tax levy will have been added to the amount owing.

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SIGNATURE

Cam Weldon
Treasurer